



DATAPULSE TECHNOLOGY

Company Registration No. 198002677D

Datapulse Technology Limited

Third Quarter Financial Statements and Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Profit or Loss

GROUP	Three Months	Three Months	Change	Nine Months	Nine Months	Change
	Ended	Ended		Ended	Ended	
	30.04.18	30.04.17	%	30.04.18	30.04.17	%
	\$'000	\$'000		\$'000	\$'000	
<u>Continuing operations</u>						
Revenue	266	2,349	(88.7)	8,653	10,849	(20.2)
Other income	271	139	95.0	45,224	353	NM
	<u>537</u>	<u>2,488</u>		<u>53,877</u>	<u>11,202</u>	
Changes in inventories and raw materials usage	(108)	(755)	(85.7)	(3,191)	(2,847)	12.1
Depreciation	(15)	(686)	(97.8)	(773)	(2,098)	(63.2)
Staff costs	(193)	(1,646)	(88.3)	(8,647)	(5,499)	57.2
Impairment loss recognised on property, plant and equipment	-	-	-	(1,881)	-	NM
Other operating expenses	(702)	(692)	1.4	(2,684)	(2,110)	27.2
Finance costs	(2)	-	NM	(3)	-	NM
Total operating expenses	<u>(1,020)</u>	<u>(3,779)</u>	<u>(73.0)</u>	<u>(17,179)</u>	<u>(12,554)</u>	<u>36.8</u>
(Loss)/Profit before tax	(483)	(1,291)	(62.6)	36,698	(1,352)	NM
Income tax expense	(13)	-	NM	(407)	-	NM
(Loss)/Profit from continuing operations	(496)	(1,291)	(61.6)	36,291	(1,352)	NM
<u>Discontinued Operations**</u>						
Profit from discontinued operations (net of tax)	-	85	NM	-	5,634	NM
(Loss)/Profit for the period attributable to owners of the Company	(496)	(1,206)	(58.9)	36,291	4,282	NM

** The Group had on 7 July 2016 entered into a share sale and purchase agreement to dispose of its entire shareholding in One Global Inc ("OGI"), a wholly-owned subsidiary in Taiwan. Accordingly, the results of OGI were disclosed as discontinued operations in the Group's statement of profit or loss. The disposal was completed on 19 August 2016.

NM: Not meaningful.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Consolidated Statement of Comprehensive income

GROUP	Three Months Ended 30.04.18 \$'000	Three Months Ended 30.04.17 \$'000	Change %	Nine Months Ended 30.04.18 \$'000	Nine Months Ended 30.04.17 \$'000	Change %
(Loss)/Profit for the period	(496)	(1,206)	(58.9)	36,291	4,282	NM
<u>Other comprehensive income</u>						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	-	-	NM	-	299	NM
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal	-	(20)	NM	-	(20)	NM
Foreign currency translation differences relating to financial statements of a foreign subsidiary	13	-	NM	72	-	NM
Other comprehensive income attributable to owners of the Company	13	(20)	NM	72	279	NM
Other comprehensive income for the period	13	(20)	NM	72	279	NM
Total comprehensive income for the period attributable to owners of the Company	(483)	(1,226)	(60.6)	36,363	4,561	NM

NM: Not meaningful.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Notes

Other income:

Gain on disposal of foreign subsidiary
 Gain on disposal of associate
 Interest income
 Sundry income

Three Months Ended 30.04.18		
Continuing operations	Discontinued operations	Total
\$'000	\$'000	\$'000
-	-	-
-	-	-
250	-	250
21	-	21
271	-	271
<hr/>		
(59)	-	(59)

Three Months Ended 30.04.17			Change %
Continuing operations	Discontinued operations	Total	
\$'000	\$'000	\$'000	
-	85	85	NM
32	-	32	NM
102	-	102	145.1
5	-	5	NM
139	85	224	21.0
<hr/>			
66	-	66	NM

Other operating expenses include the following items:

Exchange (gain)/loss

Notes

Other income:

Gain on disposal of a foreign subsidiary
 Gain on disposal of associate
 Gain on sale of leasehold property
 Gain on sale of plant and equipment
 Interest income
 Sundry income

Nine Months Ended 30.04.18		
Continuing operations	Discontinued operations	Total
\$'000	\$'000	\$'000
-	-	-
-	-	-
44,554	-	44,554
149	-	149
445	-	445
76	-	76
45,224	-	45,224
<hr/>		
228	-	228
66	-	66
-	-	-
39	-	39

Nine Months Ended 30.04.17			Change %
Continuing operations	Discontinued operations	Total	
\$'000	\$'000	\$'000	
-	5,634	5,634	NM
32	-	32	NM
-	-	-	NM
-	-	-	NM
305	-	305	45.9
16	-	16	NM
353	5,634	5,987	NM
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(323)	-	(323)	NM
-	-	-	NM
(1)	-	(1)	NM
-	-	-	NM

Other operating expenses include the following items:

Exchange loss/(gain)
 Allowance for inventory obsolescence
 Bad debt recovered
 Plant and equipment written off

NM: Not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	GROUP			COMPANY		
	30.04.18	31.07.17	Change	30.04.18	31.07.17	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets						
Property, plant and equipment	2,276	2,731	(16.7)	10	2,731	(99.6)
Investment property	337	-	NM	-	-	-
Subsidiaries	-	-	-	3,445	- #	NM
Goodwill	995	-	NM	-	-	-
Deferred tax asset	28	-	NM	28	-	NM
	3,636	2,731	33.1	3,483	2,731	27.5
Current assets						
Inventories	534	784	(31.9)	-	784	(100.0)
Trade and other receivables	389	1,322	(70.6)	646	1,322	(51.1)
Cash and bank balances	84,459	39,522	113.7	84,135	39,510	112.9
Assets held for sale*	-	8,310	NM	-	8,310	NM
	85,382	49,938	71.0	84,781	49,926	69.8
Total assets	89,018	52,669	69.0	88,264	52,657	67.6
Equity attributable to owners of the Company						
Share capital	32,992	32,992	-	32,992	32,992	-
Reserves	52,196	16,927	NM	52,032	10,813	NM
Total equity	85,188	49,919	70.7	85,024	43,805	94.1
Non-current liabilities						
Deferred tax liabilities	44	370	(88.1)	-	370	NM
	44	370	(88.1)	-	370	(100.0)
Current liabilities						
Bank overdraft	129	-	NM	-	-	NM
Trade and other payables	2,855	2,380	20.0	2,452	2,380	3.0
Amounts due to subsidiaries	-	-	-	-	6,102	NM
Current tax payable	802	-	NM	788	-	NM
	3,786	2,380	59.1	3,240	8,482	(61.8)
Total liabilities	3,830	2,750	39.3	3,240	8,852	(63.4)
Total equity and liabilities	89,018	52,669	69.0	88,264	52,657	67.6

NM: Not meaningful

#: Amount less than \$50

Notes:

* On 26 July 2017, the Company granted an option to purchase to an independent third party purchaser for the sale of its leasehold property at a consideration of \$53.5 million. The sale of the leasehold property was expected to be completed within the next 12 months. Accordingly, the leasehold property was presented as "Assets held for sale" as at 31 July 2017. The sale of the leasehold property was completed on 31 January 2018.

(b)(ii) Aggregate amount of the group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30.04.18		As at 31.07.17	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
129	-	-	-

Amount repayable after one year

As at 30.04.18		As at 31.07.17	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The secured borrowings as at 30 April 2018 relates to bank overdraft of the Group's subsidiary, which is secured by a fixed charge over certain freehold land and building of the subsidiary and a personal guarantee from a director of the subsidiary.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year
Consolidated Statement of Cash Flows

GROUP	Three Months Ended 30.04.18	Three Months Ended 30.04.17	Nine Months Ended 30.04.18	Nine Months Ended 30.04.17
	\$'000	\$'000	\$'000	\$'000
<u>Operating activities</u>				
(Loss)/Profit for the period	(496)	(1,206)	36,291	4,282
Adjustments for:				
Allowance for inventory obsolescence	-	-	66	-
Bad debt recovered	-	-	-	(1)
Depreciation	15	686	773	2,098
Finance costs	2	-	3	-
Gain on sale of leasehold property	-	-	(44,554)	-
Gain on sale of plant and equipment	-	-	(149)	-
Gain on disposal of associate	-	(32)	-	(32)
Gain on disposal of a foreign subsidiary	-	(85)	-	(5,634)
Impairment loss recognised on property, plant and equipment	-	-	1,881	-
Income tax expense	13	-	407	-
Interest income	(250)	(102)	(445)	(305)
Plant and equipment written off	-	-	39	-
	<u>(716)</u>	<u>(739)</u>	<u>(5,688)</u>	<u>408</u>
Changes in working capital:				
Inventories	(48)	(72)	646	197
Trade and other receivables	1,040	136	1,248	(6)
Trade and other payables	(3,334)	167	272	(868)
Cash used in operations	<u>(3,058)</u>	<u>(508)</u>	<u>(3,522)</u>	<u>(269)</u>
Income tax paid, net	(8)	-	(10)	(2)
Net cash used in operating activities	<u>(3,066)</u>	<u>(508)</u>	<u>(3,532)</u>	<u>(271)</u>
<u>Investing activities</u>				
Acquisition of subsidiary, net of cash acquired	-	-	(3,541)	-
Deposit received for disposal of leasehold property	-	-	5,152	-
Cash in escrow account in relation of disposal of leasehold property	-	-	(5,152)	-
Release of cash from escrow account with lawyer	-	-	5,152	-
Deposit and stamp duty paid for purchase of leasehold property	-	-	(1,360)	-
Deposit refunded for purchase of property	-	-	1,050	-
Stamp duty refunded for purchase of property	310	-	310	-
Fixed deposits with maturity of more than three months	-	(6,872)	-	(8,971)
Interest received	96	104	360	289
Proceeds from disposal of discontinued operations, net of cash disposed of	-	78	-	5,508
Net proceeds from disposal of associate	-	26	-	26
Receipt of balance proceeds from sale of leasehold property, net of expenses	-	-	47,513	-
Repayment of shareholders' loan by associate	-	2,875	-	2,875
Proceeds from disposal of plant and equipment	-	-	205	-
Purchase of plant and equipment	(5)	(3)	(11)	(16)
Net cash generated from/(used in) investing activities	<u>401</u>	<u>(3,792)</u>	<u>49,678</u>	<u>(289)</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Consolidated Statement of Cash Flows (cont'd)

GROUP	Three Months Ended 30.04.18 \$'000	Three Months Ended 30.04.17 \$'000	Nine Months Ended 30.04.18 \$'000	Nine Months Ended 30.04.17 \$'000
<u>Financing activities</u>				
Dividends paid	-	-	(1,095)	(657)
Interest paid	(2)	-	(3)	-
Amounts owing to related parties (non-trade)	(12)	-	(22)	-
Repurchase of own shares	-	-	(15)	-
Proceeds from sale of own shares	-	-	16	-
Return of unclaimed dividends	-	7	-	7
Net cash used in financing activities	(14)	7	(1,119)	(650)
Net (decrease)/increase in cash and cash equivalents	(2,679)	(4,293)	45,027	(1,210)
Cash and cash equivalents at beginning of period *	87,076	35,181	39,522	32,080
Effect of exchange rate changes on balances held in foreign currency	(67)	(6)	(219)	12
Cash and cash equivalents at end of period	84,330	30,882	84,330	30,882
<u>Note</u>				
Cash and bank balances at end of period comprise the following:				
Cash and bank balances (excluding fixed deposits with maturity of more than three months)	84,459	30,882	84,459	30,882
Bank overdraft	(129)	-	(129)	-
Cash and cash equivalents at end of period in the statement of financial position	84,330	30,882	84,330	30,882

* Cash and cash equivalents as at 1 August 2016 included cash and cash equivalents of a subsidiary classified as assets held-for-sale of \$206,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity

	Share capital \$'000	Reserve for own shares \$'000	Legal reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2016	32,992	(183)	17	(279)	14,714	47,261
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	5,488	5,488
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	-	-	-	299	-	299
<i>Total other comprehensive income</i>	-	-	-	299	-	299
Total comprehensive income for the period	-	-	-	299	5,488	5,787
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Reserves relating to discontinued operation of a foreign subsidiary transferred to retained earnings, upon disposal	-	-	(17)	-	17	-
Final 1-tier tax-exempt dividend paid of 0.30 cents per share for FY2016	-	-	-	-	(657)	(657)
<i>Total contributions by and distributions to owners</i>	-	-	(17)	-	(640)	(657)
Total transactions with owners	-	-	(17)	-	(640)	(657)
At 31 January 2017	32,992	(183)	-	20	19,562	52,391
At 1 February 2017	32,992	(183)	-	20	19,562	52,391
Total comprehensive income for the period						
<i>Loss for the period</i>	-	-	-	-	(1,206)	(1,206)
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal	-	-	-	(20)	-	(20)
<i>Total other comprehensive income</i>	-	-	-	(20)	-	(20)
Total comprehensive income for the period	-	-	-	(20)	(1,206)	(1,226)
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Return of unclaimed dividends	-	-	-	-	7	7
<i>Total contributions by and distributions to owners</i>	-	-	-	-	7	7
Total transactions with owners	-	-	-	-	7	7
At 30 April 2017	32,992	(183)	-	-	18,363	51,172

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Consolidated Statement of Changes in Equity

	Share capital \$'000	Reserve for own shares \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP					
At 1 August 2017	32,992	(183)	-	17,110	49,919
<i>Profit for the period</i>	-	-	-	36,787	36,787
<u>Other comprehensive income</u>					
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	59	-	59
<i>Total other comprehensive income</i>	-	-	59	-	59
Total comprehensive income for the period	-	-	59	36,787	36,846
Transactions with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Final 1-tier tax-exempt dividend paid of 0.50 cents per share for FY2017	-	-	-	(1,095)	(1,095)
Own shares acquired	-	(15)	-	-	(15)
Own shares sold	-	11	-	5	16
<i>Total contributions by and distributions to owners</i>	-	(4)	-	(1,090)	(1,094)
Total transactions with owners	-	(4)	-	(1,090)	(1,094)
At 31 January 2018	32,992	(187)	59	52,807	85,671
At 1 February 2018	32,992	(187)	59	52,807	85,671
Total comprehensive income for the period					
<i>Loss for the period</i>	-	-	-	(496)	(496)
<u>Other comprehensive income</u>					
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	13	-	13
<i>Total other comprehensive income</i>	-	-	13	-	13
Total comprehensive income for the period	-	-	13	(496)	(483)
Transactions with owners, recorded directly in equity					
<i>Total contributions by and distributions to owners</i>	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
At 30 April 2018	32,992	(187)	72	52,311	85,188

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Statement of Changes in Equity

COMPANY	Share capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2016	32,992	(183)	14,279	47,088
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(57)	(57)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(57)	(57)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Final 1-tier tax-exempt dividend paid of 0.30 cents per share for FY2016	-	-	(657)	(657)
<i>Total contributions by and distributions to owners</i>	-	-	(657)	(657)
Total transactions with owners	-	-	(657)	(657)
At 31 January 2017	32,992	(183)	13,565	46,374
At 1 February 2017	32,992	(183)	13,565	46,374
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(1,323)	(1,323)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(1,323)	(1,323)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Return of unclaimed dividends	-	-	7	7
<i>Total contributions by and distributions to owners</i>	-	-	7	7
Total transactions with owners	-	-	7	7
At 30 April 2017	32,992	(183)	12,249	45,058

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Statement of Changes in Equity

COMPANY	Share capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2017	32,992	(183)	10,996	43,805
Total comprehensive income for the period				
<i>Profit for the period</i>	-	-	42,853	42,853
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	42,853	42,853
Total transactions with owners				
<u>Contributions by and distributions to owners</u>				
Final 1-tier tax-exempt dividend paid of 0.50 cents per share for FY2017	-	-	(1,095)	(1,095)
Own shares acquired	-	(15)	-	(15)
Own shares sold	-	11	5	16
<i>Total contributions by and distributions to owners</i>	-	(4)	(1,090)	(1,094)
Transactions with owners, recorded directly in equity	-	(4)	(1,090)	(1,094)
At 31 January 2018	32,992	(187)	52,759	85,564
At 1 February 2018	32,992	(187)	52,759	85,564
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(540)	(540)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(540)	(540)
Transactions with owners, recorded directly in equity	-	-	-	-
At 30 April 2018	32,992	(187)	52,219	85,024

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

For the quarter ended 30 April 2018, there was no change to the share capital of the Company.

As at 30 April 2018, the Company held 829,600 treasury shares (30 April 2017: 829,600).

The Company did not have any outstanding share options and convertibles at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) Total number of issued shares excluding treasury shares (a) as at the end of the current financial period and (b) as at the end of the immediately preceding year.

	COMPANY	
	As at 30.04.18	As at 31.07.17
Number of issued ordinary shares, excluding treasury shares, at the end of the period	219,074,844	219,074,844

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 July 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for accounting period beginning on 1 August 2017. The adoption of these new and revised FRS and INT FRS did not result in any significant financial impact on the Group's financial statements for the current financial period reported on.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP						GROUP					
	Quarter Ended 30.04.2018			Quarter Ended 30.04.2017			Nine Months Ended 30.04.2018			Nine Months Ended 30.04.2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(Loss)/Profit attributable to owners of the Company (\$'000)	(496)	-	(496)	(1,291)	85	(1,206)	36,291	-	36,291	(1,352)	5,634	4,282
Weighted average no. of shares used in computation of basic earning per shares (in million)	219.07	219.07	219.07	219.07	219.07	219.07	219.07	219.07	219.07	219.07	219.07	219.07
Earnings per share												
(a) Based on the weighted average number of shares in issue	(0.23) cents	-	(0.23) cents	(0.59) cents	0.04 cents	(0.55) cents	16.57 cents	-	16.57 cents	(0.62) cents	2.57 cents	1.95 cents
(b) On a fully diluted basis	(0.23) cents	-	(0.23) cents	(0.59) cents	0.04 cents	(0.55) cents	16.57 cents	-	16.57 cents	(0.62) cents	2.57 cents	1.95 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 30.04.18	As at 31.07.17	As at 30.04.18	As at 31.07.17
Net Asset Value per ordinary share based on issued share capital at the end of the period	38.89 cents	22.79 cents	38.81 cents	20.00 cents

Note: The Net Asset Value per ordinary share is calculated based on 219.07 million (31 July 2017: 219.07 million) ordinary shares in issue at the end of the financial period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Three Months ended 30.04.18 ("3Q FY2018")

For 3Q FY2018, the Group registered an 88.7% decrease in revenue as compared to the three months ended 30.04.17 ("3Q FY2017") from \$2.3 million to \$0.3 million. The Group's revenue for 3Q FY2018 was attributed to the revenue generated by the Group's subsidiary, Wayco Manufacturing (M) Sdn Bhd ("Wayco") of \$0.3 million, while the media storage business was dormant in 3Q FY2018.

Other income was higher in 3Q FY2018 due mainly to higher interest income recorded for the period.

Total operating expenses decreased by 73.0% from \$3.8 million in 3Q FY2017 to \$1.0 million in 3Q FY2018. The substantial decrease in changes in inventories and raw materials usage and staff costs was due mainly to lower scale of operations in 3Q FY2018. Depreciation was lower due mainly to lower net book value of the Company's property, plant and equipment. Other operating expenses increased by 1.4% due mainly to higher legal and professional costs incurred during 3Q FY2018, partially offset by lower overhead expenses as a result of lower scale of operations in 3Q FY2018.

As a result of the above, the Group recognised a net loss of \$0.5 million in 3Q FY2018, as compared to a net loss of \$1.2 million in 3Q FY2017.

Nine Months ended 30.04.18 ("9M FY2018")

For 9M FY2018, the Group registered a decrease in revenue of 20.2% as compared to nine months ended 30.04.17 ("9M FY2017") from \$10.8 million to \$8.7 million. The decrease in revenue was mainly because the media storage business was dormant for 3Q FY2018, while revenue for 3Q FY2018 was mainly derived from the Wayco's hair care business.

Other income was higher in 9M FY2018 due mainly to gain recognised on sale of its leasehold property at 15A Tai Seng Drive (the "Tai Seng Property") of \$44.6 million and higher interest income recorded during the period.

Total operating expenses increased by 36.8% from \$12.6 million in 9M FY2017 to \$17.2 million in 9M FY2018. The increase in cost of raw materials usage of 12.1% was due mainly to cost of raw materials usage for a one-off special project with one of the Group's customers undertaken during 2Q FY2018. Depreciation was lower in line with lower net book value of the Company's property, plant and equipment. The Group recognised impairment loss on property, plant and equipment of \$1.9 million in 9M FY2018. The recoverable amount is estimated based on the value in use derived using certain assumptions regarding the intended use of property, plant and equipment as at 30 April 2018. Staff costs increased by 57.2% from \$5.5 million in 9M FY2017 to \$8.6 million for 9M FY2018 mainly due to redundancy payments made in 2Q FY2018 as a result of the scaling down of the Company's operations. Other operating expenses increased by 27.2% from \$2.1 million in 9M FY2017 to \$2.7 million in 9M FY2018 due mainly to higher exchange loss recognised in 9M FY2018 and higher legal and professional costs incurred during 9M FY2018, partially offset by lower overhead expenses as a result of lower scale of operations in 9M FY2018.

The income tax expense for 9M FY2018 mainly relates to estimated income tax payable on chargeable income arising from the sale of the Tai Seng Property.

Profit from discontinued operations was due to recognition of gain on disposal of subsidiary of \$5.6 million in 9M FY2017 upon completion of the disposal of OGI during the period.

As a result of the above, the Group's net profit increased from \$4.3 million in 9M FY2017 to \$36.3 million in 9M FY2018.

Excluding the gain on sale of the leasehold property of \$44.6 million, the Group would have recognised a loss before tax of \$7.9 million for 9M FY2018.

Financial Position and Cash flow

The Group's financial position remained healthy with strong net cash position of \$84.3 million as at 30 April 2018, which was equivalent to 38.5 cents of net cash per share. Cash and cash equivalents increased by 113.7% from \$39.5 million as at 31 July 2017 to \$84.5 million as at 30 April 2018 due mainly to the receipt of balance proceeds from the sale of the Tai Seng Property of \$47.5 million.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Position and Cash flow (cont'd)

On 26 July 2017, the Company granted an option to purchase to an independent third party purchaser for the sale of the Tai Seng Property at a consideration of \$53.5 million. The sale of the Tai Seng Property was completed on 31 January 2018.

Property, plant and equipment decreased from \$2.7 million as at 31 July 2017 to \$2.3 million as at 30 April 2018 due mainly to impairment loss recognised on property, plant and equipment of \$1.9 million and depreciation on property, plant and equipment of \$0.8 million, partially offset by property, plant and equipment of Wayco acquired of \$2.3 million.

The investment property and goodwill balance as at 30 April 2018 relates to Wayco, which was acquired by the Group on 15 December 2017.

Inventories decreased from \$0.8 million as at 31 July 2017 to \$0.5 million as at 30 April 2018, due mainly to sales during 9M FY2018 and allowance for inventory obsolescence made of \$0.1 million, partially offset by inventories of Wayco acquired of \$0.5 million.

Trade and other receivables decreased by 70.6% from \$1.3 million as at 31 July 2017 to \$0.4 million as at 30 April 2018 due mainly to collections received during 9M FY2018.

The decrease in deferred tax liabilities was due mainly to reversal of temporary differences on the Company's property, plant and equipment during 9M FY 2018.

Trade and other payables increased from \$2.4 million as at 31 July 2017 to \$2.9 million as at 30 April 2018 due to the inclusion of Wayco's trade and other payables.

Current tax payable of \$0.8 million was estimated as at 30 April 2018, taking into consideration the chargeable income arising from the sale of the Tai Seng Property.

On 12 December 2017, the Group entered into a share purchase agreement ("SPA") to acquire a 100% interest in Wayco. The acquisition of Wayco was completed on 15 December 2017, and the consideration paid for the acquisition of Wayco, net of cash acquired is, \$3.5 million.

Pursuant to a supplemental agreement dated 15 December 2017 and entered into between the Company and the vendor of Wayco ("Vendor"), the Vendor gave an undertaking to the Company ("Buyback Undertaking") whereby the Company shall have the right to require the Vendor to buy back 100% of Wayco at the same effective purchase consideration paid by the Company, within one year from the date of completion of the acquisition of Wayco, if the Company reasonably ascertains that there are any material adverse events or matters affecting or relating to the assets, liabilities and/or business of Wayco to such a material extent which, if it had been known to the Company as at the date of the SPA, would have reasonably affected the Company's decision to enter into the SPA and to complete the acquisition of Wayco and/or the terms upon which it agrees to do so.

The Group paid a final one-tier tax-exempt dividend of 0.50 cents per share for FY2017, totaling \$1.1 million during 9M FY2018.

With the termination of the option to purchase an industrial property located in Toa Payoh, the Group received a refund of the deposit and stamp duty paid for the said property of \$1.4 million during 9M FY2018.

Use of proceeds raised from private placement

The Company will continue to make periodic announcements on the utilisation of the net placement proceeds from the issuance of shares to Lian Beng Group Ltd in FY2015 of \$7.2 million as and when such proceeds are materially disbursed.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Reference is made to the circular of the Company dated 26 March 2018 (“Circular”). All capitalised terms used herein unless otherwise defined, shall bear the meaning ascribed to it in the Circular.

Shareholders of the Company had on 20 April 2018 approved, *inter alia*, the Proposed Business Diversification to expand or diversify into the Proposed Consumer Business and the Proposed Investment Business. However, the Company may only undertake the Proposed Business Diversification after it has adopted the recommendations set out in the Internal Controls Review, which is still ongoing.

Subject to the foregoing, as stated in the Circular, having taken into consideration, *inter alia*, the strategic options reviewed by EY under the Strategic Review, the Company intends to transform Wayco Manufacturing (M) Sdn Bhd. (“Wayco”) into a value chain play in the hair care market, and is presently studying the various options and strategies. Please also refer to Section 9.1 of the Circular for further information on the industry outlook of the hair care industry.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared or recommended for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared or recommended for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under [Rule 920\(1\)\(a\)\(ii\)](#). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

14. Negative confirmation pursuant to [Rule 705\(5\)](#).

The directors confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial statements to be false or misleading in any material aspect.

15. Confirmation pursuant to [Rule 720\(1\)](#).

We confirm that the Company has procured undertakings to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited from all its Directors and executive officers.

BY ORDER OF THE BOARD

Lee Kam Seng
Chief Financial Officer and Company Secretary

14 June 2018